



CACCP

Connecticut Association of Community Pharmacies

**Testimony of Carrie Rand-Anastasiades
Government Administration and Elections Committee
In Support of
HB 5816 AAC Audits by State Agencies**

Good Afternoon Senator Cassano, Representative Jutilla and members of the Human Services Committee. My name is Carrie Rand-Anastasiades and I am the Executive Director of the Connecticut Association of Community Pharmacies. We represent chain pharmacies around the State such as Walgreens, Rite-Aid, Stop & Shop, and PriceChopper to name a few. I am here today to testify in support of HB 5816 An Act Concerning Audits by State Agencies.

Although this bill is regarding audits by all State Agencies, CT Association of Community Pharmacies has only had problems with Medicaid audits. Although we frequently have DRS auditors auditing our sales tax, egregious extrapolation is never used.

Medicaid provider audits were originally used as mechanisms to prevent fraud and abuse, which is reasonable and just. Unfortunately pharmacy audits have become a way for DSS to further limit their costs. They are no longer focussed on fraud and abuse, but on technical miscues or unintentional clerical errors. DSS constantly makes changes to audit practices and procedures making it more difficult, to almost impossible to comply with. They then use leverage, in the form of extrapolation, in an unreasonable manner that results in huge dollar amounts paid to the State. After final negotiation with the State, some of these fines total hundreds of thousands of dollars.

As pharmacy providers, we are used to being audited by PBM's and Insurance Companies to prevent fraud and abuse. The majority of these companies no longer use extrapolation as a method of recouping dollars. Numerous States across the country have expressly prohibited it, including Connecticut. That does beg the question, if it is egregious for the private sector to employ such practices, why is it acceptable for the State to use them?

We feel that State audit practices should mirror those in the private sector. The bill CT enacted is very specific and sets fair and transparent parameters everyone can operate in. It specifies who can do the audit, how many days they have to notify pharmacies of an audit, the sample size, when initial findings are due and how an appeal takes place. We urge you to include all of these specifics in a bill moving forward so that everyone

involved in the audit knows what the rules are. Abuses have gone on for far too long and specifics are needed.

We thank you for raising this bill and look forward to working with you to fine tune it as it moves through the process.